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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Peacekeeping Reserve Fund

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The report of the Secretary-General on the Peacekeeping Reserve Fund (A/59/787) provides information on the status of the Fund. The Advisory Committee recalls that the General Assembly, in its resolution 47/217, created the Peacekeeping Reserve Fund as a cash-flow mechanism to ensure the rapid response of the Organization to the needs of peacekeeping operations and decided that the level of the Fund should be $150 million. The Assembly, in its resolution 49/233 A, decided to limit the utilization of the Fund to the start-up phase of new peacekeeping operations, to the expansion of existing ones or to unforeseen and extraordinary expenditures related to peacekeeping.

2. As indicated in the audited financial statements for the 12-month period from 1 July 2003 to 30 June 2004, the level of the Fund as at 30 June 2004 was $163.79 million, including outstanding loans of $48.82 million.

3. The Advisory Committee notes that during the 2003/04 financial period, loans from the Fund amounting to $119.4 million were made for immediate start-up requirements for the United Nations Mission in Côte d'Ivoire, the United Nations Mission in Liberia, the United Nations Operation in Côte d'Ivoire (UNOCI), the United Nations Operation in Burundi (ONUB) and the United Nations Stabilization Mission in Haiti (MINUSTAH) and that a further $49 million was loaned to UNOCI, ONUB, MINUSTAH and the United Nations Mission in the Sudan (UNMIS) during the period from 1 July 2004 to 31 March 2005. The loans are repaid as payments for assessed contributions are received.

4. The Advisory Committee notes from paragraph 5 of the report of the Secretary-General that, as at 31 March 2005, prior to the recording of investment income for the first quarter of 2005, the fund balance was $165.02 million, comprising $134.2 million in available cash and $30.82 million in outstanding loans to UNMIS ($18 million) and the United Nations Mission in the Central African Republic (MINURCA) ($12.82 million). Upon request, the Advisory Committee

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was informed that the accrued interest income of the Peacekeeping Reserve Fund for the first quarter of 2005 amounted to $790,544.45.

5. The Secretary-General proposes that the excess balance of $13.79 million over the authorized level ($150 million) of the Peacekeeping Reserve Fund be applied to meeting the financing of the support account for peacekeeping operations for the period from 1 July 2005 to 30 June 2006. **The Advisory Committee is of the opinion that proposals such as this one should be considered on a case-by-case basis with reference to the prevailing situation at the time the proposal is made. In this connection, the Committee notes that available cash amounts to only $134.2 million (see para. 4 above). In the light of the immediate cash requirements, particularly for the start-up of UNMIS and the expansion of the United Nations Organization Mission in the Democratic Republic of the Congo, the Committee considers that it would be more prudent to determine whether or not to utilize any excess over the authorized Peacekeeping Reserve Fund level of $150 million with reference to actual cash on hand rather than a fund balance that includes credits from loans that have been outstanding for prolonged periods.**

6. **The action to be taken by the General Assembly in connection with the Peacekeeping Reserve Fund is indicated in paragraph 6 of the report of the Secretary-General. However, taking into account the comments above, the Advisory Committee recommends that instead of being applied to meeting the financing of the support account for peacekeeping operations for the period from 1 July 2005 to 30 June 2006, the excess balance of $13,790,000 be maintained in the Peacekeeping Reserve Fund.**